

## FY 01 DCMA BUSINESS PLAN

### PART B - DCMA LONG-RANGE PLAN

#### 1. Mission and Vision Statements:

<p><b>Mission: Provide customer-focused contract management services--throughout the acquisition life cycle--around the clock, around the world.</b></p>
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We provide a vital role in supporting the Department of Defense (DoD) mission of providing for the national defense. We produce business management, financial, and technical services, which provide our customers with high quality contractor products, delivered on time, at a reasonable price. Our overriding Agency philosophy is "One Focus, Customer Focus." Our mission is to *"Provide customer-focused contract management services"* to all of our customers--both external and internal. Even though the program manager is the direct user of our contract management services, we must always remember the ultimate customer is the warfighter--the soldiers, sailors, airmen, and marines that proudly serve our country around the world. Customer also means the people we work and interface with at all levels--the Contract Administration Offices (CAOs), the Districts, the DCMA Headquarters offices, and the Office of the Secretary of Defense (OSD). "One Focus, Customer Focus" is about listening to the needs and outcome expectations of our customers and using systematic methods to continually improve.

Our mission statement continues by stating that we provide our services *"throughout the acquisition life cycle."* This means we serve at all stages in the life of a contract, including preaward, postaward, and closeout. Prior to contract award, we provide Pre-Contractual Advice Services to evaluate the competence, capability, and reliability of new or existing contractors. After contract award, during the life of a contract, we administer the contract through final product delivery by providing a variety of services, such as Major Program Services, Product Support Services, Delivery Services, Pricing/Modification Services, Payment and Financial Management Services, Risk Assessment Services, Business and Financial Systems Services, and Flight Operations Services. After the final product is delivered, our Contract Closeout Services continue until all business, technical, and financial matters are reconciled and resolved. We strive to ensure that our customers receive the right item, at the right time, for the right price. As our mission statement reflects, we truly serve *"around the clock, around the world."* We serve wherever and whenever the warfighter needs us. We serve during all shifts on the production line and in all time zones throughout the continental United States and in many nations around the world.

<b>Vision: DCMA people, teaming to provide world class contract management services.</b>
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Our vision begins with "*DCMA people*" because we recognize that people are the foundation upon which our success as an Agency is based. "*Teaming*" with each other, our business partners, and our customers is essential to achieving our vision of being a world class organization. Through reinvention and reengineering of our processes and services, we are confident we will continue to support our customers by "*providing world class contract management services.*"

## **2. Goals and Objectives:**

The FY 01 DCMA Long-Range Plan contains three goals and 12 objectives. The goals encompass the full range of functions and operations performed in the Agency; they focus on customers, processes, and people, respectively. Each of the 12 objectives supports one of the three goals. Each objective represents a major service, or collection of services, that DCMA provides to its customers. These major services are referred to as "service sets." This alignment by service set helps communicate to customers what services DCMA provides to add value to the overall acquisition process in a form that is also consistent with the acquisition initiatives of DoD.

Specifically, the Department's long-range strategy, as communicated in the Fiscal Year 2002-2007 Defense Planning Guidance (DPG), is comprised of two goals (refer to section 5 for more information on the Department's strategy):

- (1) Shape the international security environment and respond to the full spectrum of crises by providing appropriately sized, positioned, and mobile forces.
- (2) Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities; transforming the force by exploiting the Revolution in Military Affairs; and reengineering the Department to achieve a 21<sup>st</sup> century infrastructure.

In addition, the Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)) is pursuing four priorities that directly support the Department's overarching goals. Three of these priorities apply to DCMA:

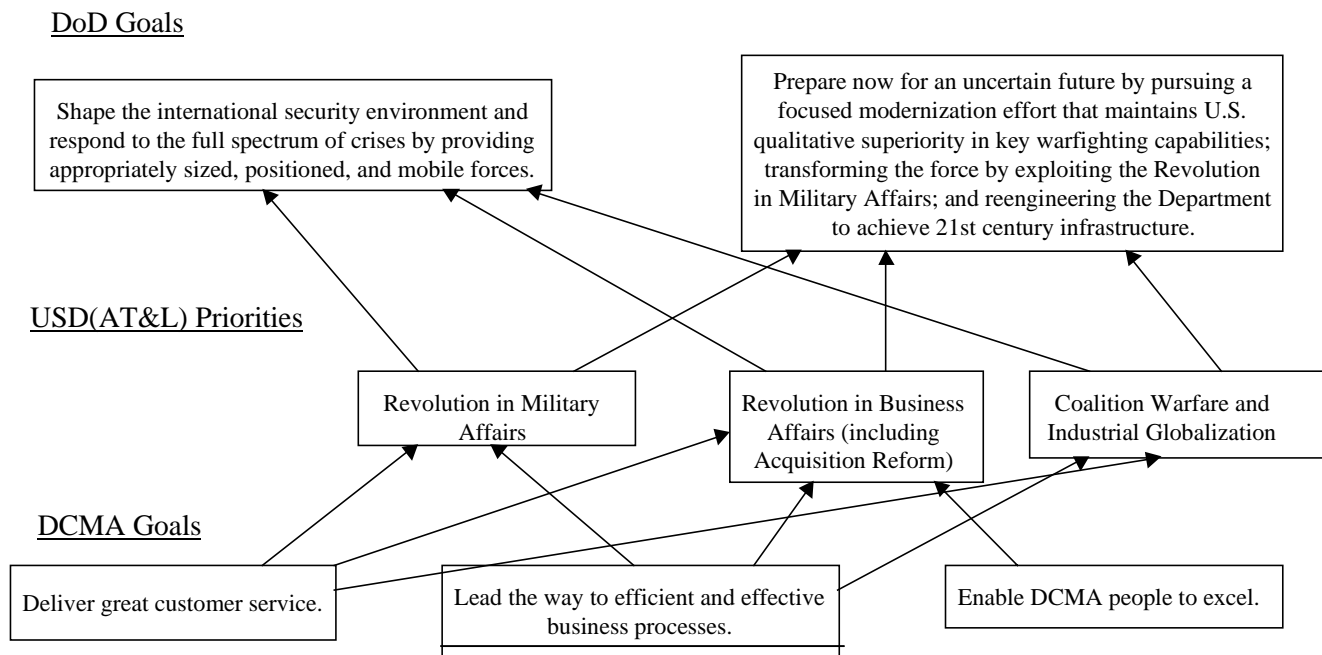
- (1) Revolution in Military Affairs:
  - ◆ Battlefield visibility to warfighters.
  - ◆ Precision weapons (in adequate quantities).
  - ◆ Missile defense.
  - ◆ Countering asymmetric threats (including chemical/biological/nuclear and information warfare).
  - ◆ A robust Science and Technology program.
- (2) Revolution in Business Affairs (including Acquisition Reform):
  - ◆ Lower cost weapons (to develop, procure, operate, and support).
  - ◆ Greatly reduce cycle times.

- ◆ Expanded use of commercial lines and products (civil/military integration).
- ◆ A competitive industrial base (private and public).
- ◆ An integrated digital environment.
- ◆ A high quality, well trained 21<sup>st</sup> century acquisition workforce.

(3) Coalition Warfare and Industrial Globalization:

- ◆ Achieving interoperability (across systems, services, allies).
- ◆ Transatlantic/transpacific industrial linkages (in a healthy competitive environment and with proper technology controls in place).
- ◆ Reformed export controls (institutionally and with partners).

The relationships among the DoD goals, the USD(AT&L) priorities, and the DCMA goals are illustrated below.



DCMA's goals and objectives are described in more detail below.

<b>Goal 1: Deliver great customer service.</b>
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It takes flexibility, innovation, responsiveness, and excellence to deliver great customer service. **Flexibility** means being adaptive to our customers' needs. **Innovation** involves being a positive agent for change, being on the forefront of acquisition reform, and finding new and different solutions. **Responsiveness** is the ability to understand our customers' needs and expectations so that we ensure we take the action necessary to reply in an adequate and timely manner. **Excellence** means providing first-class, exceptional service in all the products and services we provide.

**Objective 1.1: Engage early in the acquisition cycle to improve business results.**

This objective represents the Agency's long-range strategy in support of the Pre-Contractual Advice Services service set. The services performed encompass many Pre-Contractual Advice Services, as defined by the relevant Contract Management Directive (DCMA "One Book") chapters, to include: Early Contract Administration, Industrial Analysis Program, Preaward Surveys, and Subcontracting Plans.

**Objective 1.2: Team with Service program managers to achieve customer desired results.**

This objective represents the Agency's long-range strategy in support of the Major Program Services service set. The services performed encompass many Major Program Services, as defined by the relevant One Book chapters, to include: Program Integration, Earned Value Management, Integrated Logistics Support (ILS), and Customer Satisfaction.

**Objective 1.3: Assure the quality of today's products and services and improve the capability of tomorrow's Defense industrial base.**

This objective represents the Agency's long-range strategy in support of the Product Support Services (Right Item) service set. The services performed encompass many Product Support Services, as defined by the relevant One Book chapters, to include: Systems Planning, Research, Development and Engineering (SPRD&E), Configuration Management, Software Contract Administration Services, and Supplier Quality Assurance.

**Objective 1.4: Ensure timely delivery of products and services.**

This objective represents the Agency's long-range strategy in support of the Delivery Services (Right Time) service set. The services performed encompass many Delivery Services, as defined by the relevant One Book chapters, to include: Schedule and Delivery Management, Transportation-Shipment Processing, and Contract Safety Requirements.

**Objective 1.5: Team with and represent our customers in securing best value products and services.**

This objective represents the Agency's long-range strategy in support of the Pricing/Modification Services (Right Price) service set. The services performed encompass many Pricing/Modification Services, as defined by the relevant One Book chapters, to include: Forward Pricing Rate Agreements, Consent to Subcontract, Pricing and Negotiation, Final Overhead Rates, Contract Audit Follow-Up, and Customs and Duties.

**Objective 1.6: Provide payment and financial management services that promote efficient and effective operations.**

This objective represents the Agency's long-range strategy in support of the Payment and Financial Management Services service set. The services performed encompass many Payment and Financial Management Services, as defined by the relevant One Book chapters, to include: Advance Payments, Progress Payments, Performance Based Payments, Public Vouchers, Canceling Funds, and Other Payment Support.

**Objective 1.7: Complete all aspects of contract closeout in a timely manner.**

This objective represents the Agency's long-range strategy in support of the Contract Closeout Services service set. The services performed encompass many Contract Closeout Services, as defined by the relevant One Book chapters, to include: Termination for Convenience, Contract Closeout, Voluntary Refunds, and Disputes and Appeals.

<p><b>Goal 2: Lead the way to efficient and effective business processes.</b></p>
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Improving the efficiency and effectiveness of our processes and procedures and being accountable for our performance is the essence of Goal 2. Efficiency refers to how proficiently and economically we manage our business. Effectiveness is how well we meet our customers' needs.

**Objective 2.1: Use risk management to improve efficiency in supplier and internal business management processes.**

This objective represents the Agency's long-range strategy in support of the Risk Assessment Services service set. The services performed encompass many Risk Assessment Services, as defined by the relevant One Book chapters, to include: Supplier Risk Management, Contract Receipt and Review and Postaward Planning, Improper Business Practices, and International Agreements/International MOU, Host Country Contract Administration Services (CAS).

**Objective 2.2: Promote increasingly efficient and effective contractor business and financial systems.**

This objective represents the Agency's long-range strategy in support of the Business and Financial Systems Services service set. The services performed encompass many Business and Financial Systems Services, as defined by the relevant One Book chapters, to include: Property

Control System Analysis, Contractor Insurance/Pension Reviews, Contractor Estimating System Reviews, Contractor Purchasing System Reviews, Material Management and Accounting Systems, and Cost Accounting Standards (CAS) Administration.

**Objective 2.3: Provide timely, quality flight operations services.**

This objective represents the Agency's long-range strategy in support of the Flight Operations Services service set. The services performed encompass many Flight Operations Services, as defined by the Flight Operations One Book chapter.

**Objective 2.4: Increase the efficiency of DCMA services support.**

This objective represents the Agency's long-range strategy in support of the Services Support service set. The services performed encompass many Services Support functions, as defined by the relevant One Book chapters, to include: Automated Information System (AIS) Project Management, Performance Labor Accounting System (PLAS), DCMA Information Repository and Automated Metrics Systems (DIRAMS), Corporate ACO and Division ACO, DCMA Contract Administration Services (CAS) Workload Acceptance, Reimbursable Contract Administration Services, and Contingency Contract Administration Services (CCAS).

<b>Goal 3: Enable DCMA people to excel.</b>
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DCMA people are the reason for our success. We must have a commitment to employee growth. People must be provided the opportunity to excel both professionally and personally. This means receiving the training, tools, and management support needed to do their jobs and the opportunity for promotions.

**Objective 3.1: Build and maintain a work environment that attracts, develops, and sustains a quality workforce.**

This objective represents the Agency's long-range strategy in support of the Organizational Support service set. The services performed encompass many Organizational Support functions, as defined by the relevant One Book chapters, to include: Internal Risk Management, Planning, Resourcing and Budgeting, Human Relations, Training Management, Labor Relations, Operational Support, Legal Support, Agency Information and Image, Process of Policy Change, and Deviations from FAR, DFARS, DoD Directive or DLAD 5000.4.

### **3. How the Goals and Objectives Are to be Achieved:**

DCMA's goals and objectives are to be achieved through the execution of its operational processes using the unique skills of its workforce and the latest technology. Human, capital, information, and other resources, also have an impact on the Agency's ability to achieve its goals and objectives.

a. Operational Processes: DCMA's primary approach to managing for results is its Integrated Management System (IMS). The IMS includes multi-dimensional processes for planning, resourcing and budgeting, and assessment and feedback. The multi-dimensional aspect is that all of these processes must occur at DCMA Headquarters, at the Districts, at the CAOs, and at the team level to ensure full deployment of the priorities DCMA has established to meet customer and stakeholder requirements. The IMS helps the organization translate customer and stakeholder requirements into discrete District/CAO strategies. Through the IMS, DCMA offices plan, resource, budget, and routinely assess progress in order to achieve the Agency goals and objectives. Through performance indicators and identified milestones, progress to plan is monitored via the management review process. Customer priorities are gathered through DCMA Customer Liaisons at the Headquarters, customer surveys by the Districts, and CAOs' daily communication with customers. This information is continually reviewed to ensure the IMS considers changing customer requirements and to act on issues affecting customer satisfaction.

b. Skills and Technology: The business environment of the future is shaping up to be highly dependent upon risk management, performance-based management, and computer technology skills.

- ◆ Transforming the use of manual logs and registers into automated systems capable of serving as workload management tools, while at the same time seamlessly capturing and economically collecting meaningful management information, is a requisite technology to successfully managing for results. Timely, complete, and accurate data must be available at the lowest level of the organization if sound business decisions are to be made. Visibility of key data and information at the team level--where the work gets done--enhances data integrity and supports performance-based management, allowing teams to self-direct the application of limited resources to the right priorities based on the highest risks.
- ◆ The technology must also support the compilation of data to support Agency-level review without causing undue burden on the field organizations. This is what the Defense Information Repository Automated Metrics System (DIRAMS) strives to achieve. It seeks to integrate multiple data sources populating common fields from single sources of entry. The data repository makes all information accessible to DCMA Headquarters, the Districts, and the CAOs at the same time, ultimately eliminating the need to have separate calls for Agency management information.
- ◆ Core competencies are the unique combination of skills, processes, technologies, and knowledge bases at which an organization excels. One of DCMA's very critical core

competencies is Single Face to Industry. Single Face to Industry means “Providing industry with consistency, continuity, and predictability.” More specifically, it means “... a single government voice for contracting, whether in award of multi-year prime vendor contracts to effect unit costs savings across the Department or in contract administration to protect public interests, encourage contractor self-governance, and stimulate continuous performance improvement. DCMA provides a single face to industry for administration of DoD contracts. DCMA shares a constancy of purpose with its customers, as well as the DoD program and buying offices. Its goal is to administer government contracts efficiently and consistently in support of program objectives across the Defense industry.”

c. Human, Capital, Information, and Other Resources: Human resource skill development in the areas of identifying and managing risk, process analysis, and process improvement need to be addressed in the corporate training plan as well as in local level plans. These areas are critical success factors. Enabling personnel to be self-supporting in developing computer skills is accomplished by providing multiple media opportunities to develop these skills. Through computer-based training, classroom training, and funding outside training sources, personnel have opportunities to enhance their use of the business tools. During FY 00, DCMA implemented unit cost management. The aim of unit cost is to relate total cost to the work or output produced. This requires us to alter the way we think and work and change the way we manage. DCMA has pledged to provide increasing quality at decreasing cost—achieving better value for each Defense dollar spent.

#### **4. How the Performance Goals in the Performance Plan Relate to the Goals and Objectives:**

The annual DCMA Performance Plan (Part C) contains specific performance goals, selected by the DCMA Executive Council, that contribute to achievement of the goals and objectives contained in this Long-Range Plan. Each performance goal represents a current year priority designed to lead the organization to its vision. Each performance goal has performance indicators that represent the Agency’s near-term strategy for measuring its progress in achieving the objectives. The Performance Plan also contains investment goals, which represent activities undertaken in the current fiscal year that may not impact achievement of the objectives during that year but will result in performance improvement in future years. In addition, the Performance Contract in Part D integrates the Agency’s performance commitments with the resources needed to achieve these commitments.

#### **5. Key Factors External to the Agency and Beyond Its Control That Could Significantly Affect the Achievement of the Goals and Objectives:**

The Department of Defense is in an important transition. While it is clear the era of multiple superpowers with cumbersome, bureaucratic governments is over, the “New World Order” is uncertain. Several external influences are driving the need for change not only in the Department but also in the Federal government as a whole. The current draft of the Fiscal Year 2002-2007



Defense Planning Guidance (DPG) focuses on the Department's commitment to preparing now for an uncertain future. The Department's strategy has two goals:

- (1) Shape the international security environment and respond to the full spectrum of crises by providing appropriately sized, positioned, and mobile forces.
- (2) Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities; transforming the force by exploiting the Revolution in Military Affairs; and reengineering the Department to achieve a 21<sup>st</sup> century infrastructure.

The Department's commitment to preparing now for an uncertain future has four main parts:

- (1) Pursuing a **focused modernization** effort that replaces aging systems and incorporates cutting-edge technologies into the force in order to ensure continued U.S. military superiority over time;
- (2) Continuing to exploit the **Revolution in Military Affairs** in order to transform U.S. forces to meet future challenges;
- (3) Exploiting the **Revolution in Business Affairs** to radically reengineer DoD infrastructure and support activities; and
- (4) Insuring or hedging against unlikely, but significant, **future threats** in order to manage risk in a resource-constrained environment and better position the Department to respond in a timely and efficient manner to new threats as they emerge.

The three characteristics of a full spectrum force, required to meet the uncertain future, are:

- (1) **Overseas Presence**, which uses visible forces and infrastructure to support the defense strategy;
- (2) **Power Projection**, which is being able to rapidly move and concentrate U.S. military power in distant corners of the globe; and
- (3) **Critical Enablers** are the capabilities and assets that enable the worldwide application of U.S. military power, which include: quality people, superbly trained, led, and equipped; a globally vigilant intelligence system; information superiority; coalition interoperability; control of space; control the sea and airspace; strategic mobility and prepositioning; and logistics.

Other pertinent environmental factors contained in the DPG include:

- ◆ Implementing key reengineering initiatives in support of the Revolution in Business Affairs: shortening cycle times; enhancing program stability; conserving scarce resources; leveraging the resources of U.S. allies; achieving civil-military integration in the U.S. production base; ensuring acquired capabilities support mission outcomes; ensuring critical infrastructures deliver the right services to the right users at the right time; increasing efficiencies; and ensuring management focus on core competencies, while freeing resources for investment in high-priority areas.

- ◆ Developing industrial preparedness measures to permit accelerated production of munitions, essential troop support items, spares, consumable items with short shelf lives, and GSORTS equipment in short supply in early deploying units, where this is a cost-effective alternative to maintaining full war reserve inventories or where POM-proposed procurement levels are insufficient to meet requirements.
- ◆ Streamlining and maximizing cost efficiency in business affairs through competitive sourcing, and the related but broader strategic sourcing, as encompassed in Office of Management and Budget Circular A-76 (Performance of Commercial Activities).
- ◆ Considering competitive sourcing of product support functions for weapon systems where the capability exists between organic and private providers.
- ◆ Continuing to fund approved Advanced Concept Technology Demonstrations (ACTDs) for near-term development of joint, high priority new military capabilities, thus ensuring warfighter feedback prior to acquisition decisions.
- ◆ Ensuring mission-critical and key mission-support and business operations can be sustained throughout an information warfare attack, including the use of contingency plans and work-arounds as appropriate, building on the Y2K experiences whenever possible.
- ◆ Ensuring information technology investments are clearly linked to mission performance and comply with the mandates of the Clinger-Cohen Act and subsequent implementation guidance.
- ◆ Reducing costs by sharing and linking consumer-level inventories and eliminating redundant facilities and operations.
- ◆ Programming to reduce personnel and costs over the program period in accordance with fiscal guidance.
- ◆ Improving the quality of the acquisition workforce by increasing long-term educational opportunities and implementing the DoD policy on Continuous Learning for the Defense Acquisition Workforce.
- ◆ Developing and maintaining strategic training plans that guide DoD training programs and demonstrate how they take full advantage of learning technologies, embedded training, etc.
- ◆ Ensuring all personnel understand the importance of equal opportunity to military readiness and unit cohesion and sustaining staffing and funding for equal opportunity/equal employment opportunity programs.

While the full impact of this new environment on DCMA is still being defined, many aspects are known. We can anticipate smaller, more agile acquisition organizations that will need a flexible, highly trained workforce to succeed. These organizations will adopt many of those commercial practices proven by reengineered companies to be successful. We can anticipate establishing more enduring partnerships with our strategic suppliers and with our customers in DoD. We can anticipate redesigned contractual instruments that rely heavily on performance requirements and that will be price based, not cost based. And last but not least, we can anticipate a greater emphasis on affordability.

## **6. Program Evaluations Used in Establishing or Revising the Goals and Objectives:**

A closed-loop IMS system is used to continually gauge where the organization stands against its mission and financial performance goals. It is designed to be dynamic with monthly, quarterly,

biannual, and annual reviews of different system facets to proactively direct resources to achieve the desired organizational results.

The DCMA Director, in concert with his senior leadership staff, evaluates the Agency's goals and objectives on an annual basis and revises them as necessary. During the review, the senior leaders also validate the Agency's mission and vision statements. This review of the goals and objectives, which normally takes place in the Fall of each year, officially kicks off the subsequent year's planning and budgeting cycle and results in development of DCMA's annual Business Plan. In evaluating the goals and objectives, the senior leaders consider the impacts of key environmental factors external to the Agency and beyond its control that could significantly affect the achievement of the goals and objectives. The senior leaders also consider the results of both internal and external assessments of the Agency's operations and performance and feedback from DCMA's customers, stakeholders, and employees. In addition, the Board of Directors is a significant source of feedback. The Board is comprised of individuals at high levels outside DCMA to include the Service Acquisition Executives for the Army, Navy, and Air Force and key members of the OSD staff. The Board meets periodically to assess our priorities, risks, and future work and validate our Business Plan.

Effective implementation of the Business Plan requires periodic progress reviews to ensure implementation of Plan objectives is on track. This is accomplished by Agency level management reviews of implementation activity, performance targets, and metrics. These reviews are used to determine what changes to the Plan are necessary and to help determine priorities for the coming year. At the end of each fiscal year, as required by the GPRA, DCMA publishes an annual Performance Report that details the Agency's planned versus actual results.

In addition to management reviews, DCMA uses several assessment tools to monitor achievement of the Agency's goals and objectives. All DCMA organizational elements routinely conduct Management Control Reviews, Internal Customer Surveys, Supplier Risk Assessments, and Unit Self-Assessments--all of which are periodically validated by Internal Operations Assessments. As a culmination of these assessments, each organizational element commander certifies in an Annual Statement of Assurance to the overall health of the organization under his or her command.